

ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2014

OF THE CONDITION AND AFFAIRS OF THE

TOTAL HEALTH CARE, INC.

NAIC Group Code

1238

(Current Period)

1238

(Prior Period)

NAIC Company Code

95644

Employer's ID Number

38-2018957

Organized under the Laws of

Michigan

State of Domicile or Port of Entry

Michigan

Country of Domicile

United States of America

Licensed as business type:

Life, Accident & Health[]

Property/Casualty[]

Hospital, Medical & Dental Service or Indemnity[]

Dental Service Corporation[]

Vision Service Corporation[]

Health Maintenance Organization[X]

Other[]

Is HMO Federally Qualified? Yes[X] No[] N/A[]

Incorporated/Organized

07/01/1973

Commenced Business

05/01/1976

Statutory Home Office

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

DETROIT, MI, US 48202

(City or Town, State, Country and Zip Code)

Main Administrative Office

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

DETROIT, MI, US 48202

(City or Town, State, Country and Zip Code)

(313)871-2000

(Area Code) (Telephone Number)

Mail Address

3011 W. GRAND BLVD. SUITE 1600

(Street and Number or P.O. Box)

DETROIT, MI, US 48202

(City or Town, State, Country and Zip Code)

Primary Location of Books and Records

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

DETROIT, MI, US 48202

(City or Town, State, Country and Zip Code)

(313)871-2000

(Area Code) (Telephone Number)

Internet Website Address

THCMI.COM

Statutory Statement Contact

NICOLE ROUSH, CFO

(Name)

(313)871-6402

(Area Code)(Telephone Number)(Extension)

NROUSH@THCMI.COM

(E-Mail Address)

(313)871-4762

(Fax Number)

OFFICERS

Name	Title
RANDY NAROWITZ	EXECUTIVE DIRECTOR
JEANETTE ABBOTT	TREASURER
ROBYN JAMES ARRINGTON JR.,M.D.	MEDICAL DIRECTOR
DOUGLAS PAUL BAKER	CHAIRPERSON
RUBY OCTAVIA COLE	V-CHAIRPERSON/SECRETARY

OTHERS

DIRECTORS OR TRUSTEES

JEANETTE ABBOTT	DOUGLAS PAUL BAKER
RUBY OCTAVIA COLE	GERTRUDE HELEN MINKIEWICZ
ELIZABETH PRATCHER	LA-VENIA BROWN

State of

Michigan

County of

WAYNE

ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
RANDY NAROWITZ	JEANETTE ABBOTT	ROBYN JAMES ARRINGTON, JR.,M.D.
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
EXECUTIVE DIRECTOR	TREASURER	MEDICAL DIRECTOR
(Title)	(Title)	(Title)

Subscribed and sworn to before me this

day of

, 2015

a. Is this an original filing?

b. If no,

1. State the amendment number

2. Date filed

3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	998,579		998,579	747,550
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	17,599,068		17,599,068	15,460,607
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....38,733,560, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....393,855, Schedule DA)	39,127,415		39,127,415	26,102,873
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	57,725,062		57,725,062	42,311,030
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	10,549		10,549	9,982
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	1,376,788		1,376,788	839,128
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums	189,000		189,000	
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	2,603		2,603	132,993
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans	139,000		139,000	72,000
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets (\$.....0)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				85,002
24.	Health care (\$.....1,056,462) and other amounts receivable	1,998,196	941,734	1,056,462	1,133,746
25.	Aggregate write-ins for other than invested assets	94,238	94,238		
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	61,535,436	1,035,972	60,499,464	44,583,881
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	61,535,436	1,035,972	60,499,464	44,583,881
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid Expenses	94,238	94,238		
2502.	Other Receivables				
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	94,238	94,238		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	27,854,543		27,854,543	19,633,030
2.	Accrued medical incentive pool and bonus amounts	293,759		293,759	774,825
3.	Unpaid claims adjustment expenses	626,585		626,585	441,643
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				15,352
9.	General expenses due or accrued	1,717,865		1,717,865	483,508
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	20,986		20,986	
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans	61,000		61,000	
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				
24.	TOTAL Liabilities (Lines 1 to 23)	30,574,738		30,574,738	21,348,358
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X		
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X		
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	29,924,726	23,235,523
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	29,924,726	23,235,523
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	60,499,464	44,583,881
DETAILS OF WRITE-INS					
2301.	.....			
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	751,756	695,850
2.	Net premium income (including \$.....0 non-health premium income)	X X X	272,273,797	224,031,467
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	272,273,797	224,031,467
Hospital and Medical:				
9.	Hospital/medical benefits		169,214,941	155,383,659
10.	Other professional services		9,625,294	6,946,575
11.	Outside referrals			
12.	Emergency room and out-of-area		24,226,359	21,958,507
13.	Prescription drugs		26,931,024	21,834,385
14.	Aggregate write-ins for other hospital and medical		890,262	965,649
15.	Incentive pool, withhold adjustments and bonus amounts		5,681	245,743
16.	Subtotal (Lines 9 to 15)		230,893,561	207,334,518
Less:				
17.	Net reinsurance recoveries		194,198	488,470
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		230,699,363	206,846,048
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....437,720 cost containment expenses		437,720	423,302
21.	General administrative expenses		36,151,072	23,151,593
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		267,288,155	230,420,943
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	4,985,642	(6,389,476)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		43,178	31,450
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		43,178	31,450
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	5,028,820	(6,358,026)
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	5,028,820	(6,358,026)
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	CHILD ADOLESCENT OUTREACH		890,262	965,649
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		890,262	965,649
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	23,235,523	29,574,584
34.	Net income or (loss) from Line 32	5,028,820	(6,358,026)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	2,138,461	3,701
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(478,078)	15,264
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	6,689,203	(6,339,061)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	29,924,726	23,235,523
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	271,531,785	224,868,651
2.	Net investment income	42,611	35,293
3.	Miscellaneous income	(388,293)	(118,540)
4.	TOTAL (Lines 1 through 3)	271,186,103	224,785,404
5.	Benefit and loss related payments	222,828,526	206,351,367
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	35,175,494	23,635,202
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	TOTAL (Lines 5 through 9)	258,004,020	229,986,569
11.	Net cash from operations (Line 4 minus Line 10)	13,182,083	(5,201,165)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		1,244,943
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		5,583
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)		1,250,526
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	249,000	998,000
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	2,029	
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	251,029	998,000
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(251,029)	252,526
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	93,488	(314,464)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	93,488	(314,464)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	13,024,542	(5,263,103)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	26,102,873	31,365,976
19.2	End of year (Line 18 plus Line 19.1)	39,127,415	26,102,873

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....	
20.0002	.....	

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	272,273,797	81,175					3,076,608	269,116,014		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues										X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	272,273,797	81,175					3,076,608	269,116,014		
8.	Hospital/medical benefits	169,214,941	117,351					2,082,340	167,015,250		X X X
9.	Other professional services	9,625,294	11,214					150,188	9,463,892		X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	24,226,359	8,801					177,419	24,040,139		X X X
12.	Prescription drugs	26,931,024	21,240					915,259	25,994,525		X X X
13.	Aggregate write-ins for other hospital and medical	890,262							890,262		X X X
14.	Incentive pool, withhold adjustments and bonus amounts	5,681	(2,186)						7,867		X X X
15.	Subtotal (Lines 8 to 14)	230,893,561	156,420					3,325,206	227,411,935		X X X
16.	Net reinsurance recoveries	194,198						2,603	191,595		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	230,699,363	156,420					3,322,603	227,220,340		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....437,720 cost containment expenses	437,720	192					4,525	433,003		
20.	General administrative expenses	36,151,072	14,989					306,975	35,829,108		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	267,288,155	171,601					3,634,103	263,482,451		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	4,985,642	(90,426)					(557,495)	5,633,563		
DETAILS OF WRITE-INS											
0501.	.....										X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	CHILD ADOLESCENT OUTREACH	890,262							890,262		X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	890,262							890,262		X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	81,707		532	81,175
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare	3,086,084		9,476	3,076,608
7.	Title XIX - Medicaid	269,998,944		882,930	269,116,014
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	273,166,735		892,938	272,273,797
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	273,166,735		892,938	272,273,797

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	222,634,328	178,409					3,260,883	219,195,036		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	222,634,328	178,409					3,260,883	219,195,036		
2. Paid medical incentive pools and bonuses	486,747	(1,155)						487,902		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,854,543	7,003					84,517	27,763,023		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,854,543	7,003					84,517	27,763,023		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	293,759	74						293,685		
6. Net healthcare receivables (a)	292,549	(1,155)					(2,603)	296,307		
7. Amounts recoverable from reinsurers December 31, current year ..	2,603						2,603			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	19,633,030	27,961					22,797	19,582,272		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	19,633,030	27,961					22,797	19,582,272		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	774,825	1,105						773,720		
11. Amounts recoverable from reinsurers December 31, prior year	132,993							132,993		
12. Incurred benefits:										
12.1 Direct	230,563,292	158,606					3,325,206	227,079,480		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	(130,390)						2,603	(132,993)		
12.4 Net	230,693,682	158,606					3,322,603	227,212,473		
13. Incurred medical incentive pools and bonuses	5,681	(2,186)						7,867		

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	11,148,525	2,803					33,827	11,111,895		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	11,148,525	2,803					33,827	11,111,895		
2. Incurred but Unreported:										
2.1 Direct	16,706,018	4,200					50,690	16,651,128		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	16,706,018	4,200					50,690	16,651,128		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	27,854,543	7,003					84,517	27,763,023		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	27,854,543	7,003					84,517	27,763,023		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	75,095	104,469	155	6,897	75,250	27,961
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	531,954	2,728,929	127	84,311	532,081	22,797
7.	Title XIX - Medicaid	18,114,591	200,917,131	108,903	27,654,151	18,223,494	19,582,272
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	18,721,640	203,750,529	109,185	27,745,359	18,830,825	19,633,030
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	594,372	(107,625)		293,759	594,372	774,825
13.	TOTALS (Lines 9 - 10 + 11 + 12)	19,316,012	203,642,904	109,185	28,039,118	19,425,197	20,407,855

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	16,317	17,020	16,924	16,919	16,883
2.	2010	137,146	150,242	150,202	150,180	150,160
3.	2011	X X X	140,204	155,985	156,142	156,090
4.	2012	X X X	X X X	159,332	181,040	180,884
5.	2013	X X X	X X X	X X X	184,242	203,228
6.	2014	X X X	X X X	X X X	X X X	203,750

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	17,542	17,044	16,924	16,919	16,883
2.	2010	153,871	150,666	150,202	150,180	150,160
3.	2011	X X X	158,334	156,039	156,142	156,090
4.	2012	X X X	X X X	179,074	180,987	180,883
5.	2013	X X X	X X X	X X X	204,703	203,339
6.	2014	X X X	X X X	X X X	X X X	231,789

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2010	180,352	150,160	351	0.234	150,511	83.454			150,511	83.454
2.	2011	187,196	156,090	385	0.247	156,475	83.589			156,475	83.589
3.	2012	200,317	180,884	401	0.222	181,285	90.499	(1)		181,284	90.498
4.	2013	224,031	203,228	422	0.207	203,650	90.902	111	19	203,780	90.960
5.	2014	272,274	203,750	374	0.183	204,124	74.970	28,039	608	232,771	85.491

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	15	15	15	15	18
2.	2010	169	190	187	187	187
3.	2011	X X X	331	351	351	351
4.	2012	X X X	X X X	623	692	692
5.	2013	X X X	X X X	X X X	514	586
6.	2014	X X X	X X X	X X X	X X X	104

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	27	15	15	15	18
2.	2010	184	190	187	187	187
3.	2011	X X X	355	351	351	351
4.	2012	X X X	X X X	649	692	692
5.	2013	X X X	X X X	X X X	543	586
6.	2014	X X X	X X X	X X X	X X X	111

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2010	215	187			187	86.977			187	86.977
2.	2011	310	351	1	0.285	352	113.548			352	113.548
3.	2012	366	692	2	0.289	694	189.617			694	189.617
4.	2013	448	586	1	0.171	587	131.027			587	131.027
5.	2014	81	104			104	128.395	7	1	112	138.272

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior					
2.	2010					
3.	2011	X X X				
4.	2012	X X X	X X X			
5.	2013	X X X	X X X	X X X	761	1,293
6.	2014	X X X	X X X	X X X	X X X	2,729

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior					
2.	2010					
3.	2011	X X X				
4.	2012	X X X	X X X			
5.	2013	X X X	X X X	X X X	784	1,293
6.	2014	X X X	X X X	X X X	X X X	2,813

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2010										
2.	2011										
3.	2012										
4.	2013	1,083	1,293	3	0.232	1,296	119.668			1,296	119.668
5.	2014	3,077	2,729			2,729	88.690	84	9	2,822	91.713

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	16,302	17,005	16,909	16,904	16,865
2.	2010	136,977	150,052	150,015	149,993	149,973
3.	2011	X X X	139,873	155,634	155,791	155,739
4.	2012	X X X	X X X	158,709	180,348	180,192
5.	2013	X X X	X X X	X X X	182,967	201,349
6.	2014	X X X	X X X	X X X	X X X	200,917

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2010	2 2011	3 2012	4 2013	5 2014
1.	Prior	17,515	17,029	16,909	16,904	16,865
2.	2010	153,687	150,476	150,015	149,993	149,973
3.	2011	X X X	157,979	155,688	155,791	155,739
4.	2012	X X X	X X X	178,425	180,295	180,191
5.	2013	X X X	X X X	X X X	203,376	201,460
6.	2014	X X X	X X X	X X X	X X X	228,865

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2010	180,137	149,973	351	0.234	150,324	83.450			150,324	83.450
2.	2011	186,886	155,739	384	0.247	156,123	83.539			156,123	83.539
3.	2012	199,951	180,192	399	0.221	180,591	90.318	(1)		180,590	90.317
4.	2013	222,500	201,349	418	0.207	201,767	90.682	111	19	201,897	90.740
5.	2014	269,116	200,917	374	0.186	201,291	74.797	27,948	598	229,837	85.404

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)			115,398		115,398
2.	Salaries, wages and other benefits	437,720		9,344,369		9,782,089
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			53,867		53,867
4.	Legal fees and expenses			45,531		45,531
5.	Certifications and accreditation fees			867,002		867,002
6.	Auditing, actuarial and other consulting services			867,002		867,002
7.	Traveling expenses			770,669		770,669
8.	Marketing and advertising			8,860		8,860
9.	Postage, express and telephone			1,445,005		1,445,005
10.	Printing and office supplies			2,023,007		2,023,007
11.	Occupancy, depreciation and amortization			1,734,006		1,734,006
12.	Equipment			481,668		481,668
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services			1,935,283		1,935,283
15.	Boards, bureaus and association fees			192,667		192,667
16.	Insurance, except on real estate			1,198,950		1,198,950
17.	Collection and bank service charges			192,667		192,667
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes			12,448,189		12,448,189
23.3	Regulatory authority licenses and fees			2,041,594		2,041,594
23.4	Payroll taxes			385,338		385,338
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)	437,720		36,151,072		(a) 36,588,792
27.	Less expenses unpaid December 31, current year			1,717,864		1,717,864
28.	Add expenses unpaid December 31, prior year			483,508		483,508
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	437,720		34,916,716		35,354,436
DETAILS OF WRITE-INS						
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) 7,250	..... 10,366
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) 33,158	..... 32,812
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	TOTAL Gross investment income .....	..... 40,407	..... 43,178
11.	Investment expenses	(g)	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g)	
13.	Interest expense	(h)	
14.	Depreciation on real estate and other invested assets	(i)	
15.	Aggregate write-ins for deductions from investment income .....	.....
16.	TOTAL Deductions (Lines 11 through 15) .....	.....
17.	Net Investment income (Line 10 minus Line 16) .....	..... 43,178	
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) .....	.....	.....
(a) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(b) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued dividends on purchases.			
(c) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(d) Includes \$......0 for company's occupancy of its own buildings; and excludes \$......0 interest on encumbrances.			
(e) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(f) Includes \$......0 accrual of discount less \$......0 amortization of premium.			
(g) Includes \$......0 investment expenses and \$......0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$......0 interest on surplus notes and \$......0 interest on capital notes.			
(i) Includes \$......0 depreciation on real estate and \$......0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	..... 2,138,461	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	TOTAL Capital gains (losses) .....	.....	.....	.....	..... 2,138,461	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets			
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable	941,734	476,157	(465,577)
25.	Aggregate write-ins for other than invested assets	94,238	81,737	(12,501)
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,035,972	557,894	(478,078)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	TOTAL (Lines 26 and 27)	1,035,972	557,894	(478,078)
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Prepaid Expense	94,238	81,737	(12,501)
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	94,238	81,737	(12,501)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	57,835	59,324	57,151	62,841	62,675	751,756
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	57,835	59,324	57,151	62,841	62,675	751,756
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

Total Health Care, Inc. (the "Company"), a not-for-profit corporation, operates as a state-licensed health maintenance organization (HMO). The Company provides medical services to persons primarily in southeastern Michigan who subscribe as recipients of federal and state health benefits or as individuals.

Total Health Care, Inc., and its wholly owned subsidiary, Total Health Care USA, Inc., have common officers on their respective governing boards.

a. Accounting Practices

The accompanying financial statements of Total Health Care, Inc. (the "Company" or "THC") have been prepared in conformity with statutory accounting practices prescribed or permitted by Section 1007 of the Michigan statutes of the state of Michigan for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Michigan Insurance law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Michigan.

Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as intangible assets and receivables greater than 90 days) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$1,036,000 and \$558,000 at December 31, 2014 and December 31, 2013, respectively. There are no significant differences between statutory accounting principles prescribed by NAIC and the State of Michigan accounting requirements that are applicable to the Company.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	<u>2014</u>	<u>2013</u>
(1) Net Income Michigan state basis	5,028,820	(6,358,026)
(2) State Prescribed Practices (Income):	-	-
(3) State Permitted Practices (Income):	-	-
(4) Net Income, NAIC SAP	5,028,820	(6,358,026)
(5) Statutory Surplus Michigan basis	29,924,726	23,235,523
(6) State Prescribed Practices (Surplus):	-	-
(7) State Permitted Practices (Surplus):	-	-
(8) Statutory Surplus, NAIC SAP	29,924,726	23,235,523

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

c. Accounting Policy

Cash and Short-term Investments - The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles. Short-term investments are stated at amortized cost.

In addition, the Company uses the following accounting policies:

(1) Short-term investments and long-term certificates of deposit are recorded at amortized cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investment income or loss (including realized gains and losses on

Notes to Financial Statements

investments, interest, and dividends) is included in net investment income on the statement of operations. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

(3) The Company had no common stocks except items noted in (7) below.

(4) The Company had no preferred stocks.

(5) The Company had no mortgage loans.

(6) The Company had no loan-backed securities.

(7) The Company had investments in health care subsidiaries which are reported at the statutory net worth value of the subsidiary under the equity method and are reported as common stocks on the balance sheet.

(8) The Company had no joint ventures of limited partnerships.

(9) The Company had no derivatives.

(10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

(13) The Company's pharmaceutical rebate receivables are estimated based prior period actual receipts.

Revenue Recognition and Accounts Receivable – Capitation revenue and subscriber premiums are recognized in the period that members are entitled to related health care services. A portion of the health care receivable is due from third-party payors for subscribers located within southeastern Michigan. No allowance for doubtful accounts is recorded at December 31, 2014 and December 31, 2013, respectively. Receivables greater than 90 days old are treated as non-admitted for statutory accounting purposes. Approximately \$942,000 and \$476,000 of receivables greater than 90 days old were non-admitted at December 31, 2014 and December 31, 2013, respectively.

Recognition of Medical and Hospital Expenses - Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Claims unpaid represent management's estimate of the ultimate cost to settle all claims incurred prior to year-end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at December 31, 2014 and December 31, 2013, respectively.

Physician Group Contracts - The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. These contracts have a specialty claims incentive and pay-for-performance incentive. If the providers meet the incentives, they share in the savings and a payable is recorded. If the providers do not meet the incentives, they share in the excess costs and a health care receivable is recorded if deemed collectible by management. During 2014 and 2013, health care receivables and payables have been recorded from/to providers.

Hospital Group Contracts - The Company contracts with several hospitals and other groups. These contracts are paid under capitated fees or various other charge arrangements.

Malpractice Claims - The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

Notes to Financial Statements

Employee Staffing and Purchased Services Agreement - The Company has an employee staffing and purchased services agreement with a limited liability company, which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the board of directors of Total Health Care, Inc.

Income Taxes - Total Health Care, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

a. Statutory Purchase Method- None

b. Statutory Merger - None

c. Assumption Reinsurance – None

d. Impairment Loss – None

4. Discontinued Operations

None

5. Investments

a. Mortgage Loans, including Mezzanine Real Estate Loans – None

b. Debt Restructuring – None

c. Reverse Mortgages – None

d. Loan-Backed Securities – None

e. Repurchase Agreements and/or Securities Lending Transactions – None

f. Real Estate – None

g. Low-income housing tax credits (LIHTC) – None

h. (1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6
	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/(Decrease) (1 minus 2)	Total Current Year Admitted Assets	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Assets
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
e. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						

Notes to Financial Statements

g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. On deposit with states	1,010,717	1,001,817	8,900	1,010,717	1.64%	1.67%
j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories						
l. Other restricted assets						
m. Total Restricted Assets	\$ 1,010,717	\$ 1,001,817	\$ 8,900	\$ 1,010,717	1.64%	1.67%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Detail of Other Restricted Assets – None

i. Working Capital Finance Investments - None

j. Structured Notes – Notes

k. Offsetting and Netting of Assets and Liabilities - None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company does not have any Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets.

B. The Company does not have any impaired investment in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

a. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.

b. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

None

10. Information Concerning Parent, Subsidiaries and Affiliates

a, b, & c

The Company owns 100 percent of a subsidiary: Total Health Care USA, Inc., whose carrying value is equal to or exceeds 10% of the total admitted assets of the company. The Company carries Total Health Care USA, Inc. at the statutory net worth value of the subsidiary under the equity method and are reported as common stocks on the balance sheet.

Total Health Care USA, Inc. has a statutory statement value of \$17,599,068 and \$15,460,607 at December 31, 2014 and December 31, 2013, respectively. The value of investments in Total Health Care USA, Inc. has been reduced by non-admitted assets totaling \$948,946 and \$814,859 at December 31, 2013 and December 31, 2012, respectively.

Notes to Financial Statements

Total Health Care USA, Inc.'s (Total USA) net income was \$2,272,548 and \$73,974 at December 31, 2014 and December 31, 2013, respectively, and therefore the company's investment in Total USA increased by the same amount less the change in non-admitted assets of \$134,087 in 2014 and \$70,273 in 2013.

d. Amounts Due from or (to) Related Parties – At December 31, 2014 and December 31, 2013, the Company had amounts due from (to) subsidiaries of \$(20,986) and \$85,002, respectively, resulting from costs paid (for) by the Company on behalf of subsidiaries for operating expenses.

e. Guarantees – The Company has no guarantees with any companies within its holding company structure.

f. Material management contracts – The Company has an employee, office space, and equipment leasing agreement with Total Health Care USA, Inc. (USA). The agreement calls for the Company to provide personnel, office space, and supplies necessary to USA in order for USA to carry out its HMO business operations. The agreement calls for USA to pay the Company 12 to 13 percent of USA's gross revenue from the second preceding month after certain deductions. During 2014 and 2013, the proceeds from this arrangement totaled \$17,325,541 and \$12,989,790, respectively.

g. Common Control - Total Health Care, Inc., and its wholly owned subsidiaries, Total Health Choice, Inc. and Total Health Care USA, Inc., have common officers on their respective governing boards. Total Health Care, Inc., the Parent Company, is domiciled in the State of Michigan.

h. Deductions in Value - There have been no deductions in value between affiliated companies.

i. SCA that exceed 10% of Admitted Assets - None

j. Impaired SCAs - The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled, or Affiliated Companies during the statement period.

k. Foreign Subsidiary - None

l. Downstream Noninsurance Holding Company - None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.

a.- d. Defined Benefit Plan – None

e. Defined Contribution Plans – None.

f. Multi-Employer Plan – None

g. Consolidated/Holding Company Plans – None

h. Post-Employment Benefits and Compensated Absences – None

i. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1) The Company has issued no capital stock.

2) The Company has no preferred stock outstanding.

(3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the State of Michigan Office of Insurance Regulation, as long as the Company meets or exceeds minimum surplus requirements.

(4) During 2014 the Company did not pay dividends.

Notes to Financial Statements

(5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.

(7) The Company has no advances to surplus not repaid.

(8) The Company held no stock.

(9) There were no changes to the balances of any special surplus funds from the prior year.

(10) The portion of unassigned funds (surplus) represented or increased (decreased) by unrealized gains (losses) is \$2,138,461 and \$3,701 at December 31, 2014 and December 31, 2013, respectively. The portion of unassigned funds (surplus) represented by the change in non-admitted asset value is \$(478,078) and \$15,263 at December 31, 2014 and December 31, 2013, respectively.

(11) The Company did not issue any surplus debentures or similar obligations.

(12) and (13) There have been no quasi-reorganizations.

14. Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company. No amounts have been accrued for losses as no losses are deemed probable or estimable. Estimated losses for claims-related matters are accrued as claims unpaid.

a. Contingent Commitments – None

b. Assessments – None

c. Gain Contingencies – None

d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – None

e. Joint and Several Liabilities - None

f. All Other Contingencies – There are no balances of assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

15. Leases

A. Lessee Operating Lease

(1) The Company leases office space and computer software services under various non-cancelable operating lease agreements that expire through July, 2022. Rent payments are the responsibility of the management company and are included in the monthly payment under the employee staffing and purchased services agreement. Rent expense for 2014 and 2013 was approximately \$1,175,322 and \$1,139,540, respectively.

(2) The future minimum rental payments under the operating lease as of December 31, 2014 are as follows:

Notes to Financial Statements

Year Ending December 31	Operating Leases
2015	\$ 1,202,532
2016	232,702
2017	144,187
2018	144,187
2019	144,187
Thereafter	372,483
Total	<u>\$ 2,240,278</u>

(3) The company is not involved in any material sales – leaseback transactions.

B. Lessor Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk.

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

- a. Transfers of Receivables reported as Sales – None
- b. Transfer and Servicing of Financial Assets – None
- c. Wash Sales – None

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

- a. ASO Plans – None
- b. ASC Plans – None.
- c. Medicare or Other Similarly Structured Cost Based Reimbursement Contract - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

None

20. Fair Value Measurements

The following table presents information about the Company’s assets and liabilities measured at fair value at December 31, 2014, and the valuation techniques used by the Company to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significant to the valuation. The Company’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Notes to Financial Statements

A. (1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)		(Level 2)		(Level 3)		Total	
a. Assets at Fair Value								
Perpetual Preferred Stock								
Industrial and Misc	\$	-	\$	-	\$	-	\$	-
Parent, Subsidiaries and Affiliates		-		-		-		-
Total Perpetual Preferred Stocks	\$	-	\$	-	\$	-	\$	-
Bonds								
U.S. Governments	\$	-	\$	-	\$	-	\$	-
Industrial and Misc		-		998,579		-		998,579
Hybrid Securities		-		-		-		-
Parent, Subsidiaries and Affiliates		-		-		-		-
Total Bonds	\$	-	\$	998,579	\$	-	\$	998,579
Common Stock								
Industrial and Misc	\$	-	\$	-	\$	-	\$	-
Parent, Subsidiaries and Affiliates		-		-		-		-
Total Common Stocks	\$	-	\$	-	\$	-	\$	-
Derivative Assets								
Interest Rate Contracts	\$	-	\$	-	\$	-	\$	-
Foreign Exchange Contracts		-		-		-		-
Credit Contracts		-		-		-		-
Commodity Futures Contracts		-		-		-		-
Commodity Forward Contracts		-		-		-		-
Total Derivatives	\$	-	\$	-	\$	-	\$	-
Separate Account Assets								
	\$	-	\$	-	\$	-	\$	-
Total Assets at Fair Value	\$	-	\$	998,579	\$	-	\$	998,579
b. Liabilities at Fair Value								
Derivative Liabilities								
	\$	-	\$	-	\$	-	\$	-
Total Liabilities at Fair Value	\$	-	\$	-	\$	-	\$	-

(2) Fair Value Measurements in (Level 3) of the Fair Value - None

(3) The Company’s policy for determining when transfers between levels are recognized is determined at the end of the reporting period.

(4) The Company has not valued any securities at a Level 3.

(5) Derivative assets and liabilities- None

B. N/A

C. Aggregate Fair Value for all Financial Instruments

Type of Financial Instrment	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 998,579	\$ 998,579	\$ -	\$ 998,579	\$ -	\$ -
Common Stock	-	-	-	-	-	-
Perpetual Preferred Stock	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Totals	\$ 998,579	\$ 998,579	\$ -	\$ 998,579	\$ -	\$ -

D. Not Practicable to Estimate Fair Value – N/A

Notes to Financial Statements

21. Other Items

a. Extraordinary Items – None

b. Troubled Debt Restructuring – None

c. Other Disclosures and Unusual Items – Funds Maintained Under Statutory Requirements - The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be used only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. These funds are classified according to the nature of the investment. At December 31, 2014 and December 31, 2013, the Company maintained \$1,010,717 and \$1,001,817, respectively, in long-term certificates of deposit and money market funds to fulfill these requirements. Interest earned on these funds can be utilized by the Company.

At December 31, 2014 and December 31, 2013, the Company had admitted assets of \$2,761,250 and \$2,044,874, respectively, in accounts receivable for amounts due from subscribers, governmental entities, and other health care providers. During 2014 and 2013, the Company routinely assessed the collectability of these receivables and directly wrote off any uncollectible receivables accordingly. Receivables not expected to be collected within 90 days were considered non-admitted.

d. Business Interruption Insurance Recoveries - None

e. State Transferable and Non-transferable Tax Credits - None

f. Subprime Mortgage Related Risk Exposure – None, The Companies wholly-owned subsidiaries have no activity related to subprime related risk exposure.

g. Retained Assets – None

22. Events Subsequent

Type I. – Recognized Subsequent Events – No Change

Subsequent events have been considered through 02/23/2015 for the statutory statement issued on December 31, 2014.

None

Type II. – Non-recognized Subsequent Events – No Change

Subsequent events have been considered through 02/23/2015 for the statutory statement issued on December 31, 2014.

On January 1, 2015, the Company will not be subject to an annual fee under section 9010 of the Affordable care Act (ACA) because it qualifies as a nonprofit corporation meeting the requirements of Section 57.2(b)(2)(iv) of the Act. This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2014, the Company has written health insurance subject to the ACA assessment but qualifies as a nonprofit corporation meeting the requirements as noted above, expects to conduct health insurance business in 2015, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2015 to be \$0. This assessment is expected to impact risk based capital by 0%. Reporting the ACA assessment as of December 31, 2014 would not have triggered an RBC action level.

Notes to Financial Statements

	Current Year	Prior Year
A. ACA fee assessment payable for the upcoming year	\$ -	\$ -
B. ACA fee assessment paid	\$ -	\$ -
C. Premium written subject to ACA 9010 assessment	\$ -	\$ -
D. Total Adjusted Capital before surplus adjustment	\$29,924,726	
E. Authorized Control Level before surplus adjustment	\$13,043,525	
F. Total Adjusted Capital after surplus adjustment	\$29,924,726	
G. Authorized Control Level after surplus adjustment	\$13,043,525	
H. Would reporting the ACA assessment as of Dec. 31, 2014 trigger an RBC action level? (YES/NO)	No	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

a. Not Applicable

b. The Company had reinsurance recoverable receivables of \$2,603 and \$132,993 recorded at December 31, 2014 and December 31, 2013, respectively. The estimated reduction in surplus is zero.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

Section 3 – Ceded Reinsurance Report – Part B

(1) The estimated reduction in surplus is zero.

(2) The Company has renewed an agreement with Star Line Group effective November 1, 2014. The reinsurance policy provides the same coverage's on an annual per member basis after a \$220,000 (Medicaid non-CSHCS, Dual eligible and Medicare) to \$300,000 (Medicaid CSHCS and Commercial Individual) deductible is reached. The maximum lifetime reinsurance indemnity payable under each agreement is \$2,000,000 per member. The reinsurance policy also provides for a supplemental corridor adjustment to reinsurance recoverable applied with the lower of: 1) 50% of reinsurance premiums paid, or 2) the amount by which reinsurance recoverable exceed 50% of the reinsurance premiums paid.

B. Uncollectible Reinsurance – None

Notes to Financial Statements

C. Commutation of Ceded Reinsurance – None

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company’s underwriting rules and experience rating practices.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the Company at December 31, 2014 that are subject to retrospective rating features was \$81,707 that represented less than 1% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. At December 31, 2014, the Company had no medical loss ratio rebates required pursuant to the Public Health Service Act.

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premiums which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? YES

The Company has zero balances for the risk corridors program due to a lack of sufficient data to estimate the recoverable amounts.

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

Notes to Financial Statements

<u>a. Permanent ACA Risk Adjustment Program</u>		<u>Amount</u>
Assets		
1. Premium adjustments receivable due to ACA Risk Adjustment	\$	-
Liabilities		
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$	16
3. Premium adjustments payable due to ACA Risk Adjustment	\$	-
Operations (Revenue & Expenses)		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$	-
5. Reported in expenses as ACA risk adjustment user fees (incurred/Paid)	\$	16
<u>b. Transitional ACA Reinsurance Program</u>		
Assets		
1. Amount recoverable for claims paid due to ACA Reinsurance	\$	-
2. Amount recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$	-
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$	-
Liabilities		
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$	1
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$	-
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$	-
Operations (Revenue & Expenses)		
7. Ceded reinsurance premiums due to ACA Reinsurance	\$	-
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments		
9. ACA Reinsurance contributions - not reported as ceded premium	\$	820
<u>c. Temporary ACA Risk Corridors Program</u>		
Assets		
1. Accrued retrospective premiums due to ACA Risk Corridors	\$	-
Liabilities		
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$	-
Operations (Revenue & Expenses)		
3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$	-

Notes to Financial Statements

(3) Roll forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled	
					Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances			Cumulative Balance Prior year (Col 1-3)	
					5 Receivable	6 (Payable)	7 Receivable	8 (Payable)	9	10 Receivable	
	1 Receivable	2 (Payable)	3 Receivable	4 (Payable)					Ref		
<u>adjustment</u>											
<u>receivable</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A	\$	
<u>(payable)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	B	\$	
<u>nt Risk</u>											
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$	
<u>rrance</u>											
<u>for claims</u>											
<u>for claims</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	C	\$	
<u>l</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	D	\$	
<u>lating to</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	E	\$	
<u>ions payable</u>											
<u>e - not</u>											
<u>niums</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	F	\$	
<u>miums</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	G	\$	
<u>eld under</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	H	\$	
<u>nal</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$	
<u>rridors</u>											
<u>premium</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	I	\$	
<u>s or policy</u>											
<u>ids</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	J	\$	
<u>idors</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	K	\$	
<u>ing</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$	

its

Notes to Financial Statements

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2013 were \$20,849,498. As of December 31, 2014, \$19,316,012 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$109,185 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive Medical lines of business. Therefore, there has been a \$1,424,301 favorable prior-year development since December 31, 2013 to December 31, 2014. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

Reserves as of December 31, 2012 were \$20,225,416. As of December 31, 2013, \$22,526,782 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now (\$53,007) as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive Medical lines of business. Therefore, there has been a (\$2,248,359) unfavorable prior-year development since December 31, 2012 to December 31, 2013. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

The Company reports risk-sharing receivables and payables related to global capitation and specialty claims arrangements based upon the terms of its contracts.

Pharmaceutical rebates receivable at December 31, 2014 and 2013 were \$ 9,356 and \$35,599, respectively. Rebates are netted with pharmacy expense. During 2014 and 2013, pharmacy rebates in the amount of \$67,976 and \$221,570, respectively, were collected.

Health care receivables include the following amounts related to Pharmaceutical rebates receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/14	9,356	9,356	0	0	0
9/30/14	40,146	40,146	0	0	0
6/30/14	36,512	36,512	0	0	0
3/31/14	33,919	33,919	0	0	0
12/31/13	35,599	41,322	0	0	6,461
9/30/13	34,911	34,117	0	0	34,117
6/30/13	35,560	28,760	0	0	28,760
3/31/13	27,861	27,861	0	0	27,861

Notes to Financial Statements

12/31/12	34,348	43,069	0	0	43,069
9/30/12	31,843	41,455	0	0	41,455
6/30/12	31,096	40,439	0	0	40,439
3/31/12	39,430	39,430	0	0	39,430

Health care receivables include the following amounts related to specialty pool receivables:

Calendar Year	Evaluation Period Year Ending	Risk-Sharing Receivable as Estimated in the Prior Year	Risk-Sharing Receivable as Estimated in the Current Year	Risk-Sharing Receivable Billed	Risk-Sharing Receivable Not Yet Billed	Actual Risk-Sharing Amounts Received in Year Billed	Actual Risk-Sharing Amounts Received First Year Subsequent	Actual Risk-Sharing Amounts Received Second Year Subsequent	Actual Risk-Sharing Amounts Received - All Other
2014	2014	\$ 1,007,646	\$ (33,640)	\$ 974,006	\$ -	\$ 974,006	\$ -	\$ -	\$ -
	2015	\$ -	\$ 902,869	\$ -	\$ 902,869	\$ -	\$ -	\$ -	\$ -
2013	2013	\$ 945,096	\$ (43,445)	\$ 901,651	\$ -	\$ 901,651	\$ -	\$ -	\$ -
	2014	\$ -	\$ 1,007,646	\$ -	\$ 1,007,646	\$ -	\$ -	\$ -	\$ -
2012	2012	\$ 1,050,298	\$ (106,165)	\$ 944,133	\$ -	\$ 944,133	\$ -	\$ -	\$ -
	2013	\$ -	\$ 945,096	\$ -	\$ 945,096	\$ -	\$ -	\$ -	\$ -

29. Participating Policies

None

30. Premium Deficiency Reserves – No Change

1. Liability carried for premium deficiency reserves

\$0
2. Date of the most recent evaluation of this liability

02/23/2015
3. Was anticipated investment income utilized?

Yes ☐ No X

31. Anticipated Salvage and Subrogation

Loss reserves have not been reduced for any salvage or subrogation. During 2014 and 2013, the Company received subrogation totaling \$109,554 and \$173,324, respectively.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/02/2014
- 3.4 By what department or departments?
MICHIGAN DEPARTMENT OF INSURANCE & FINANCIAL SERVICES
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
N/A	

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
N/A		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE & MORAN, PLLC , 1111 MICHIGAN AVE., SUITE 100 ,EAST LANSING , MI 48823
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
ERIC GOETSCH, MILLIMAN, 15800 BLUEMOUND ROAD, SUITE 100, BROOKFIELD, WI 53005

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

13.3 Have there been any changes made to any of the trust indentures during the year?

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended?

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

20.12 To stockholders not officers

20.13 Trustees, supreme or grand (Fraternal only)

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

20.22 To stockholders not officers

20.23 Trustees, supreme or grand (Fraternal only)

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes[] No[X]

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

Yes[] No[X]

\$ 0

\$ 0

\$ 0

Yes[] No[X]

\$ 0
- INVESTMENT
- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

24.02 If no, give full and complete information, relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[X] No[]

Yes[] No[] N/A[X]

\$ 0

\$ 0

Yes[] No[] N/A[X]

Yes[] No[] N/A[X]

27.1

GENERAL INTERROGATORIES (Continued)

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[] No[] N/A[X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
24.103 Total payable for securities lending reported on the liability page.

\$ 0
\$ 0
\$ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[X] No[]

25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements
25.22 Subject to reverse repurchase agreements
25.23 Subject to dollar repurchase agreements
25.24 Subject to reverse dollar repurchase agreements
25.25 Placed under option agreements
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock
25.27 FHLB Capital Stock
25.28 On deposit with states
25.29 On deposit with other regulatory bodies
25.30 Pledged as collateral - excluding collateral pledged to an FHLB
25.31 Pledged as collateral to FHLB - including assets backing funding agreements
25.32 Other

\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 1,010,717
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0

25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
COMERICA BANK - LYNN HUTZEL-UISEL	P.O. BOX 75000, DETROIT, MI 48275-3462
.....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
N/A

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[] No[X]

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
N/A

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[] No[X]

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
..... 000000000
29.2999 Total

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	997,738	997,738	
30.2 Preferred stocks			
30.3 Totals	997,738	997,738	

30.4 Describe the sources or methods utilized in determining the fair values
BANK STATEMENTS

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[] N/A[]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[] No[X]

32.2 If no, list exceptions:

NOT REQUIRED BY STATE OF DOMICILE

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 45,531

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
NUYEN, TOMTISHEN & AOUN P.C.	40,881

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ 0

1.62 TOTAL Incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ 0

1.65 TOTAL Incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ 0

1.72 TOTAL Incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ 0

1.75 TOTAL Incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	272,273,797	224,031,467
2.2	Premium Denominator	272,273,797	224,031,467
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	28,148,302	20,407,855
2.5	Reserve Denominator	28,148,302	20,407,855
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 500,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
CATASTROPHIC INSURANCE, LOOK SOLEY LANGUAGE IN CONTRACTS, INSOLVENCY INSURANCE

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 4,570

8.2 Number of providers at end of reporting year

..... 5,374

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 293,759

10.22 Amount actually paid for year bonuses

\$ 486,747

10.23 Maximum amount payable withholds

..... 0

10.24 Amount actually paid for year withholds

\$ 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.
MICHIGAN

11.4 If yes, show the amount required.

\$ 26,016,546

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.
Calculation is based on 200% RBC. See RBC calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
WAYNE COUNTY
OAKLAND COUNTY
MACOMB COUNTY
GENESEE COUNTY

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$..... 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes[] No[] N/A[X]

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written\$..... 0

15.2 Total incurred claims\$..... 0

15.2 Number of covered lives..... 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	60,499,464	44,583,881	50,529,425	48,331,529	45,537,286
2. TOTAL Liabilities (Page 3, Line 24)	30,574,738	21,348,358	20,954,841	19,149,859	18,429,671
3. Statutory surplus	26,016,546	22,197,140	19,431,814	17,764,933	15,590,818
4. TOTAL Capital and Surplus (Page 3, Line 33)	29,924,726	23,235,523	29,574,584	29,181,670	27,107,615
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	272,273,797	224,031,467	200,316,605	187,195,654	180,351,518
6. TOTAL Medical and Hospital Expenses (Line 18)	230,699,363	206,846,048	175,743,616	155,467,267	153,567,864
7. Claims adjustment expenses (Line 20)	437,720	423,302	393,709	367,167	367,718
8. TOTAL Administrative Expenses (Line 21)	36,151,072	23,151,593	24,149,470	29,499,313	28,832,539
9. Net underwriting gain (loss) (Line 24)	4,985,642	(6,389,476)	29,810	1,861,907	(2,416,603)
10. Net investment gain (loss) (Line 27)	43,178	31,450	64,579	40,472	64,546
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	5,028,820	(6,358,026)	94,389	1,902,379	(2,352,057)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	13,182,083	(5,201,165)	935,680	4,287,010	(1,152,526)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	29,924,726	23,235,523	29,574,584	29,181,670	27,107,615
15. Authorized control level risk-based capital	13,008,273	11,098,570	9,715,905	8,882,467	7,795,409
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	62,675	57,835	59,566	52,259	52,710
17. TOTAL Members Months (Column 6, Line 7)	751,756	695,850	662,602	630,242	647,088
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	84.7	92.3	87.7	83.1	85.1
20. Cost containment expenses	0.2	0.2	0.2	0.2	0.2
21. Other claims adjustment expenses					
22. TOTAL Underwriting Deductions (Line 23)	98.2	102.9	100.0	99.0	101.3
23. TOTAL Underwriting Gain (Loss) (Line 24)	1.8	(2.9)	0.0	1.0	(1.3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	19,425,197	22,473,775	16,399,600	14,839,474	17,405,347
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	20,407,855	19,795,466	18,577,384	17,950,575	17,541,789
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	17,599,068	15,460,607	15,456,906	15,288,993	15,424,225
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31	17,599,068	15,460,607	15,456,906	15,288,993	15,424,225
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	81,707	3,086,084	269,998,944				273,166,735	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	81,707	3,086,084	269,998,944				273,166,735	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	81,707	3,086,084	269,998,944				273,166,735	

DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: ALL PREMIUMS ARED WRITTEN WITHIN THE STATE OF MICHIGAN.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

TOTAL HEALTH CARE, INC. – PARENT
38-2018957, NAIC #95644, STATE OF MICHIGAN

TOTAL HEALTH CARE USA, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.
383240485, NAIC #12326, STATE OF MICHIGAN

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